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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 001245

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SUBJECT: PRESIDENT MORALES FOCUSED ON POPULISM AT 100 DAYS

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

11. (C) SUMMARY: In his first 100 days in office, Evo Morales has focused almost exclusively on political goals with short-term domestic appeal and negative long-term consequences. At home, his efforts to consolidate power in the executive appeal to Bolivian demands for stability and jobs after years of turmoil, but entail serious potential costs for democracy and economic growth. Abroad, his relations with foreign governments increasingly appear limited to issues that score quick political points, but endanger Bolivia's long-standing ties. This shortsighted pattern of populism suggests Morales is unlikely to be enticed by the dangling of US carrots that offer longer-term gains, such as new aid or expanded trade relations. END SUMMARY.

Populism at Home

12. (SBU) President Morales has spent his first 100 days focused on building popular support while ignoring the eventual consequences of his actions. Morales, efforts to consolidate power in his office, for example, appeal to a broad Bolivian demand for stability after years of turmoil, regardless of the impact on democracy. According to various contacts, many people voted for Morales not because they supported his ideology but because they thought his election would bring an end to the cycle of protests, roadblocks, and failed presidents. Many Bolivians may be inclined to overlook Morales, undemocratic behavior to the extent that he can arrest this cycle of instability, as polling shows broad dissatisfaction among Bolivians with the way their democracy works.

13. (SBU) Morales, risky economic plans have the same short-term domestic popular appeal. Morales has cut all government salaries as a symbol of austerity in a country plagued with corruption, while disregarding the impact of this act on the productiveness and morale of the bureaucracy, and the increased temptation of corruption for poorly paid employees. His recent nationalization of hydrocarbons has created a broad euphoria that local analysts believe will boost his support before the July Constituent Assembly elections, but entails potentially dire economic costs.

Other economic proposals, such as a minimum wage hike and protection for workers from firing, fit the same mold.

Populism Abroad

14. (SBU) Morales has likewise followed a politically opportunistic foreign policy designed to appeal to Bolivian frustration with centuries of alleged foreign exploitation by highlighting his independence from "imperial powers." Morales, pre-election world tour suggested he might moderate, but even this now looks to observers like a ploy to portray Morales domestically as an important world leader. During the trip, Morales promised Brazil, Spain, and France that he would protect their Bolivian hydrocarbon investments, a promise he appears to have broken dramatically with his nationalization decree. Morales has also attacked the Presidents of Peru and Colombia, his trading partners, for their decision to pursue Free Trade Agreements with the United States. Vice President Garcia Linera has publicly slighted Peru's President Toledo--who Morales says betrayed Peru's indigenous with the FTA--by referring to Morales as the first indigenous President of Latin America, a title claimed by Toledo. Morales has approached the US with the same pattern of rhetorical attack for domestic gain.

15. (SBU) By contrast, Morales, flourishing relations with Cuba and Venezuela offer his supporters the promise of "revolutionary" change, of dismantling the widely despised "neoliberal" model, and perhaps ironically, of reinforcing Bolivia's "independence." Morales' association with these leaders symbolizes for many Bolivians the rejection of centuries of a political and economic model they believe was imposed from abroad and has kept them poor. While

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comparatively privileged Bolivian doctors may criticize their Cuban competition, large banners praising the Cuban doctors hang across El Alto, and people line up for treatment. For the average poor Bolivian, say local observers, Cuban and Venezuelan tutelage of Morales does not reflect a new dependency--or the ambitions of President Chavez for regional dominance--but the elimination of old dependencies and the hope of a better life.

16. (C) COMMENT: Morales, populist approach to governing may buy him short-term support as he consolidates his government and seeks to extend his power. In the longer term, however, it creates the real prospect that he will leave Bolivia with weakened institutions, a depressed economy, and few foreign allies apart from Venezuela and Cuba. Morales, disregard for these factors suggests he will be unwilling to soften his populist attacks on the United States in return for promises of economic aid that offer only diffuse, long-term benefits. END COMMENT.
GREENLEE